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## **China, Peoples Republic of Competitor**

### **The Yantai Fruit & Vegetable Exposition 2002**

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#### **Report Highlights:**

**The Fourth International Fruit and Vegetable Exposition in Yantai, China foreshadows the challenges US fresh fruit exporters will face in China.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Guangzhou [CH3], CH

The Fourth International Fruit/Vegetable Exposition, 2002, Yantai, Shandong

#### Observations

Apples, grapes, and pears of different varieties, shapes and sizes were on display everywhere and all of them were colorful and attractive; their dominance was matched only by the motley crowd gathered to see them at the Yantai International Convention & Exhibition Center, Shandong. If an exhibition is judged by the crowd it draws, the Yantai Show was an astounding success. The Show was held on October 17 – 21, 2002. It was the Northern counterpart of the Fruit/Vegetable Show held annually in Xiamen (in South China). Both the Yantai and Xiamen shows were the brainchild of Song Jian, a senior leader of the Chinese Government.

The “international” dimension of the exhibition was participation of Norwegian, Italian, Spanish, German, Israeli, New Zealand, the United States (FMC), Japanese, Israeli, and Korean companies and the UNESCAP. The foreign companies were promoting fruit packing machinery and cold storage equipments and offering consultation services. The only western exhibitor of fresh fruit was the US Washington Apples Commission. The other international fruit and vegetable exhibitors were from Asia.

As the Show was under the sponsorship of the Central Government and the UNESCAP, Beijing, Zhejiang, Harbin, Shenyang, Changchun, Tianjin, Dalian, Shanghai, Inner Mongolia, Xinjiang, Henan, Anhui, Jiangsu, Nanjing, Heilongjiang, Shanxi, Hainan, Fuzhou, Xiamen, Hong Kong and Taiwan were probably directed to participate. They were present to promote fruit packing, temperature control materials, tools and equipments.

All of the major cities of Shandong Province, with Yantai as the leader, also participated prominently in the Show. Qixia, the center of apple production, had an impressive and artful display of apples. Laiyang and Penglai showed a variety of pears and peaches. Fushan boasted of its production of red cherries. And Jinan was the only major exhibitor of fresh vegetables. No fewer than 30 educational institutions and government agencies were present to promote their extension-like services.

Cherries, strawberries, dates, plums, pears, apples, kiwi fruit, grapes, persimmons, peaches, pomegranates, cantaloupe, and watermelon were on display at the Yantai Show. Among fresh vegetables on display were chestnuts, ginkgo, garlic, leeks, sweet potatoes, peanut, pepper, ginger, white lotus, egg plant, cabbage, cauliflower, cherry tomato, onion, and pumpkin. Processed food products on display included tea, wine, peanut milk, peanut oil, soy sauce, fruit juice, vermicelli, and preserved fruit.

In addition to fresh fruit and vegetables and processed food products, the Show also displayed orchids, chrysanthemums, cactus, aloe vera, and a number of other flowers and plants.

The Show held a symposium on various aspects of fruit and vegetable cultivation, storage, preservation, processing, and packaging. Attendance at the symposium was by invitation only. As Shandong was outside my area of service and I wanted to maintain a low profile at the Show, I did not ask for an invitation to the symposium.

While in Yantai, I visited two cold storage warehouses, a premier labor-intensive apple packing house, and a low tech factory for processing preserved fruit. En route to these facilities, I saw piles of apples on sale by the roadside or under makeshift tents, farmers carrying basketful of apples on tractor-carts to the wholesale market, and couriers delivering boxes of apples on trucks to the packing or storage houses. The apples were not protected from heat or dust.

#### Comments

At the urging of the local agent of the Washington Apples Commission, I went to Yantai to see how well our fresh fruit competitors are challenging us. My overall impression is, China will succeed in keeping a significant segment of its fresh fruit market from the United States. It is now paying attention to the selection and cultivation of the most attractive varieties of apples, grapes, and pears. It is beginning to invest in post-harvest technology and services. Promoting quality varieties of apples, grapes, and pears was the primary focus of several Shandong exhibitors. Ironically, some of the quality apple and grape seedlings were introduced from the United States. Canada, Israel, Italy, Chile, Korea, and Japan are the other suppliers of quality varieties.

The weakest link in the supply chain is the logistics of moving the fresh produce from the farm to the market or the packinghouses. I am not sure what effect the open-air transportation might have on fresh apples. If China is willing and able to improve on product movement to preserve the quality of its harvest, it will dominate the fresh fruit market of East and Southeast Asia in the near future.

US fresh fruit exporters will find China a much tougher market and their Asian market shares eroding as a result of China's fresh fruit production and sale. As it is, US apple exporters had reportedly "given up" on holding the market share for the Fuji variety. They intend to concentrate on competing with other varieties such as Red Delicious, and Gala. Even though the present sale of US apples in Yantai, the apple country of China, is relatively small in number, it is making an in road into the Northeastern China market. US apples are bought as gift items. Many vendors and media people were interested in the US apple display at the Exhibition.

Chinese apple producers are now exploring using village folk arts as a promotional tool. Chinese characters and pictures are written/drawn on the apples to make them an object of art in addition to a piece of fruit. Other producers are striving to produce super sized apples to gain market attention. These are serious and intensive efforts to hold the market against foreign import.

For US exporters to maintain their market share or gain advantage in china, they might have to transplant their production and processing to China.